

# STAFFORD COUNTY SCHOOL BOARD

## Agenda Consideration

**TOPIC:** Matching Retirement Savings Proposal

**ITEM NO:** 4C

**PREPARED BY:** Chapman E. Slye  
Director of School Nutrition

**MEETING:** October 12, 2004  
**ACTION DATE:** Information Only

Andre' A. Nougaret  
Assistant Superintendent  
for Support Services

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**ACTION REQUESTED BY THE SUPERINTENDENT:** That the School Board receive for information proposed Matching Retirement Savings Plan for part-time employees to be implemented July 1, 2005.

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### KEY POINTS:

- ◆ The establishment of a Matching Retirement Savings option is perceived as a viable benefit which, once implemented, would increase the school division's ability to attract and retain part-time employees, specifically bus drivers and School Nutrition workers.
- ◆ Over 75% of School Nutrition and Pupil Transportation contracted staff are part-time employees and, as such, are not eligible for retirement benefits.
- ◆ Recruitment and retention of cafeteria workers and bus drivers continues to be a significant concern often adversely impacting the efficiency of the School Nutrition and Pupil Transportation Departments.
- ◆ A salary and benefits survey was conducted in November 2003 within the School Nutrition and Pupil Transportation Departments. All part-time employees were surveyed and 75% of the respondents perceived a Matching Retirement Savings option as a significant benefit.
- ◆ Members of the School Nutrition and Financial Services staff visited two districts (Manassas City and Prince William County) presently implementing a Matching Retirement Savings Program.
- ◆ Members of the School Nutrition and Financial Services staff met with an investment consulting group to discuss considerations as related to establishing a Matching Retirement Savings Program.
- ◆ The estimated cost of implementing a Matching Retirement Savings Program, similar to those implemented in neighboring divisions, is approximately 2% of payroll costs (approximately \$41,000.00 annually for School Nutrition).
- ◆ Recommend that an investment consultant be procured to articulate a plan document, solicit an investment vendor (RFP) and monitor performance of investments.
- ◆ Recommend that a Matching Retirement Savings Program be piloted within the School Nutrition Department during fiscal year 2006. If this pilot is determined to be valuable, as measured by employee participation, recommend that it be expanded to the Pupil Transportation Department in FY07.

*(Continued)*

- ♦ An overview of the draft Proposed Matching Retirement Savings Plan is attached. Final plan may vary and will be subject to School Board approval prior to implementation July 1, 2005.

**SCHOOL BOARD GOAL:**

**Goal 4:** Address the impact of continuing population growth by developing plans to address expanding staff, facilities, transportation, attendance zones, and instruction.

**Goal 6:** Introduce programs to enhance employee status, within the school division and community at large, so that employees are aware of their value to school and community.

**FUNDING SOURCE:**

**AUTHORIZATION REFERENCE:**

## Matching Retirement Savings Proposal

Some key thoughts to the plan are:

- 1) This is a great incentive for long-term employees who have no retirement support through work.
- 2) Only employees who choose to invest in tax sheltered annuities would be eligible.
- 3) Stafford County Public Schools would be developing the program; therefore, we could set the guidelines to meet our needs and budget.
- 4) At this time, the plan does not include full-time VRS employees so the number of participants and total investment is more manageable and a key group of employees will be targeted.

### Proposal

Employees must have worked in the system two full years to be eligible; they must initiate the savings plan. The school system will match up to 5% of the employee's investment on a graduate scale as illustrated below:

2-5 years	25%
5-10 years	50%
10-15 years	75%
15 years and up	100%

For example, if a part-time employee makes \$10,000 yearly and invests 5% of his/her salary in TSA's, yearly investment would be \$500. Stafford's annual investment in the employees' retirement would be:

2 years employment	- \$500 x 25% = \$125
5 years employment	- \$500 x 50% = \$250
10 years employment	- \$500 x 75% = \$375
15 years employment	- \$500 x 100% = \$500

As an example, tracking 1 employee:

If an employee making \$10,000 annually began participating in this program in their 5<sup>th</sup> year, investing their maximum 5% annually within 10 years they would have approximately \$14,100. (Figure includes compounding and 8% yield on investment and an average 2.5% annual employee raise). This \$14,100 includes only \$5,598 of employee contributions. (First year monthly employee contribution of \$41.60 per month/\$500 per year).

This program will show our continued support and appreciation we have for the county's long-term part-time employees. This plan would encourage employees to save for their golden years and reward them for doing so.